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## Governmental Funds

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### General Fund

*The General Fund accounts for transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.*

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### Special Revenue Funds

*Special Revenue Funds account for specific revenue sources that are restricted to finance particular functions and activities of the Commonwealth.*

**The Commonwealth Transportation Fund** accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is provided from highway user taxes, fees, and funds received from the Federal government.

**The Federal Trust Fund** accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, and institutions of higher education. In addition, federal funds received from Medicaid intergovernmental transfers and for the Commonwealth's share of claims are reported in the Other – Special Revenue Fund. The entire fund is restricted pursuant to federal regulations. As such, a separate fund balance reservation is not reflected.

**The Literary Fund** accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings. The entire fund is constitutionally restricted for public schools. As such, a separate fund balance reservation is not reflected.

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**Nonmajor Governmental Funds** include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 171 in the Combining and Individual Fund Statements and Schedules section of this report.

## Balance Sheet – Governmental Funds

June 30, 2005

(Dollars in Thousands)

		Special Revenue						
		General	Commonwealth Transportation	Federal Trust	Literary			
Assets								
Cash and Cash Equivalents (Notes 1 and 5)	\$	585,087	\$	1,634,150	\$	151,068	\$	126,638
Investments (Notes 1 and 5)		2,049,089		85,616		3,172		5,464
Receivables (Net) (Notes 1 and 6)		868,334		255,437		400,573		399,570
Due from Other Funds (Note 8)		8,128		28,603		10,289		-
Interfund Receivable (Note 8)		-		-		-		-
Inventory (Note 1)		43,932		46,865		5,546		-
Other Assets (Notes 1 and 9)		1,479		2,716		1,658		-
Loans Receivable from Component Units (Notes 1 and 8)		-		-		-		-
Total Assets	\$	3,556,049	\$	2,053,387	\$	572,306	\$	531,672
Liabilities and Fund Balances								
Accounts Payable (Notes 1 and 18)	\$	215,744	\$	216,366	\$	90,765	\$	196
Amounts Due to Other Governments		289,420		59,756		138,513		-
Due to Other Funds (Note 8)		46,806		15,421		7,035		-
Due to Component Units (Note 8)		-		-		-		-
Interfund Payable (Note 8)		-		-		4,485		-
Deferred Revenue (Note 1)		296,296		31,119		32,398		12,769
Unearned Revenue (Note 1)		18		21,839		29,661		-
Deferred Taxes (Note 1)		262,688		-		-		-
Obligations Under Securities Lending Program (Notes 1 and 5)		773,402		344,154		18,098		31,180
Other Liabilities (Notes 1 and 19)		441,862		2,814		189,026		-
Loans Payable to Component Units (Notes 1 and 8)		-		-		-		168,315
Long-term Liabilities (Notes 1, 16, and 20)		788		174		43		-
Total Liabilities		2,327,024		691,643		510,024		212,460
Fund Balances Reserved for (Note 1):								
Revenue Stabilization Fund		664,195		-		-		-
Unexpended Lottery Proceeds		352		-		-		-
Inventory		43,932		46,865		5,546		-
Debt Service		-		-		-		-
Gifts and Grants		-		438		-		-
Capital Acquisition		-		-		-		-
Other		-		15,102		-		-
Fund Balances Unreserved, Reported in (Note 1):								
General Fund		520,546		-		-		-
Special Revenue Funds		-		1,299,339		56,736		319,212
Capital Projects Funds		-		-		-		-
Permanent Funds		-		-		-		-
Total Fund Balances		1,229,025		1,361,744		62,282		319,212
Total Liabilities and Fund Balances	\$	3,556,049	\$	2,053,387	\$	572,306	\$	531,672

The accompanying notes are an integral part of this financial statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 732,144	\$ 3,229,087
54,535	2,197,876
74,191	1,998,105
7,545	54,565
70,019	70,019
4,720	101,063
1,198	7,051
13,595	13,595
<u>\$ 957,947</u>	<u>\$ 7,671,361</u>
\$ 85,294	\$ 608,365
379	488,068
13,141	82,403
15,164	15,164
3,350	7,835
8,119	380,701
5,843	57,361
-	262,688
57,393	1,224,227
4,104	637,806
-	168,315
238	1,243
<u>193,025</u>	<u>3,934,176</u>
-	664,195
-	352
4,720	101,063
75,575	75,575
13,391	13,829
73,293	73,293
-	15,102
-	520,546
602,777	2,278,064
(33,345)	(33,345)
28,511	28,511
<u>764,922</u>	<u>3,737,185</u>
<u>\$ 957,947</u>	<u>\$ 7,671,361</u>

# **Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Assets**

June 30, 2005

(Dollars in Thousands)

<b>Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)</b>	<b>\$ 3,737,185</b>
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When capital assets (land, buildings, equipment, improvements, construction in progress, and/or infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the Primary Government as a whole.

14,758,872

Long-term liabilities applicable to the Primary Government's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.

Pension Liability	(614,937)
Capital Lease	(133,077)
Installment Purchases	(13,840)
Compensated Absences	(302,471)
Uninsured Employer's Fund	(18,762)
Regional Jails	(15,030)
Bonds	(3,587,377)
Notes	(31,155)
Accrued Interest Payable	(51,529)
Other Obligations	(27,100)

Internal service funds are used by the Primary Government to charge costs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets.

(126,215)

Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.

(53,367)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

380,713

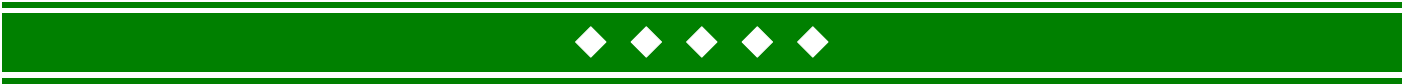
Noncurrent amounts owed to special revenue funds from proprietary funds are not recorded in the fund statements due to the fact that revenue recognition criteria were not met. These amounts are reported in the Statement of Net Assets.

21,074

**Net assets of governmental activities (see Government-wide Statement of Net Assets)**

**\$ 13,922,984**

The accompanying notes are an integral part of this financial statement.



# Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2005  
(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 13,648,134	\$ 1,917,261	\$ -	\$ -
Rights and Privileges	61,144	469,216	37	165
Institutional Revenue	9,150	-	-	-
Interest, Dividends, Rents, and Other Investment Income (Note 1)	120,015	35,506	1,498	25,275
Federal Grants and Contracts	-	499,392	5,091,103	-
Other (Note 21)	389,710	149,257	70,487	147,610
Total Revenues	14,228,153	3,070,632	5,163,125	173,050
Expenditures				
Current:				
General Government	1,478,837	1,696	110,971	1,234
Education	6,267,841	2,233	574,892	198,919
Transportation	44	3,084,927	14,296	-
Resources and Economic Development	236,268	13,570	185,851	-
Individual and Family Services	3,359,278	-	4,148,338	-
Administration of Justice	2,076,213	6,655	53,072	-
Capital Outlay	24,986	26,892	15,555	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	13,443,467	3,135,973	5,102,975	200,153
Revenues Over (Under) Expenditures	784,686	(65,341)	60,150	(27,103)
Other Financing Sources (Uses)				
Transfers In (Note 26)	636,321	390,404	5,295	9,315
Transfers Out (Note 26)	(638,946)	(273,344)	(26,086)	-
Proceeds from Capital Leases	970	-	-	-
Bonds Issued	-	-	-	-
Premium on Bond Issuance	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	(1,655)	117,060	(20,791)	9,315
Net Change in Fund Balances				
Fund Balance, July 1, as restated (Note 2)	445,994	1,310,025	22,923	337,000
Fund Balance, June 30	\$ 1,229,025	\$ 1,361,744	\$ 62,282	\$ 319,212

The accompanying notes are an integral part of this financial statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 70,531	\$ 15,635,926
227,929	758,491
315,284	324,434
22,131	204,425
36,656	5,627,151
386,999	1,144,063
1,059,530	23,694,490
94,704	1,687,442
24,591	7,068,476
15,762	3,115,029
272,203	707,892
552,109	8,059,725
68,209	2,204,149
346,584	414,017
249,338	249,338
164,697	164,697
1,788,197	23,670,765
(728,667)	23,725
513,472	1,554,807
(79,460)	(1,017,836)
-	970
375,010	375,010
84,153	84,153
731,485	731,485
(789,585)	(789,585)
835,075	939,004
106,408	962,729
658,514	2,774,456
\$ 764,922	\$ 3,737,185

# **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities**

For the Fiscal Year Ended June 30, 2005  
(Dollars in Thousands)

<b>Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)</b>	<b>\$ 962,729</b>
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When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year.	858,571
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Bond proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Bond proceeds	(375,010)
Capital Lease proceeds	(970)
Bond Premiums	(84,153)
Refunding Bonds Issued	(731,485)
Repayment of bond principal	249,338
Payment to refunded bond escrow agent	789,585

Certain expenditures are reported in the funds; however, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.

Pension Liability	(78,638)
Capital Lease	(58)
Installment Purchases	677
Compensated Absences	(6,933)
Uninsured Employer's Fund	2,166
Regional Jails	1,624
Bonds	(3,352)
Notes	292
Interest	436

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(41,280)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	28,621
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Some expenses are eliminated from the Statement of Activities due to the availability of long-term financial resources.	1,423
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The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.	(9,219)
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<b>Change in net assets of governmental activities (See Government-wide Statement of Activities)</b>	<b>\$ 1,564,364</b>
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The accompanying notes are an integral part of this financial statement.